GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2975
ANSWERED ON:11.05.2006
SELECTION OF DEALERS BY PUBLIC SECTOR OIL COMPANIES
Chowdhury Shri Adhir Ranjan

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

:

(a): whether the Government has stopped the dealers` selection process of all the public sector oil companies;

(b): if so, whether the Government proposes to review the position keeping in view the adverse impact on these oil companies;

(c): if so, the details thereof; and

(d): the time by which the decision is likely to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) to (d): In a meeting in the Ministry in April, 2006 to review the performance of the oil marketing companies (OMCs), it was observed that while OMCs have expanded their retail outlet (RO) network in a big way after the dismantling of the Administered Pricing Mechanism (APM) in the petroleum sector effective 1.4.2002, adequate attention has not been paid by them to improving the institutional and technological mechanisms, resulting in not only reduction in their average throughput per RO but also complaints of malpractices. It was felt that there was a serious need for introspection by the OMCs on this issue and after deliberations, it was decided that pending a review of the whole situation OMCs may not set up any new retail outlets. A communication in this regard was sent to the OMCs on

20th April, 2006. In the aforesaid meeting, the OMCs were also advised to undertake survey by an independent agency to identify ROs selling less than 200 KL per month along with the reasons for decline in throughput and deterioration of services. They were advised to get this survey completed within a period of four months and corrective action initiated thereafter.

Subsequently, following the representations from the OMCs and upon review of the whole issue, it was decided to lift the freeze on setting up of new ROs and a communication sent to the OMCs on 4th May, 2006. However, OMCs have been asked to get the aforesaid survey conducted in a time bound manner.